ASX ANNOUNCEMENT
23 October 2017

SM 71 PIPELINE INSTALLATION COMPLETED

- **4-inch oil and 6-inch gas export pipeline installation completed**
- **First production on schedule for late January 2018**
- **Drilling in November 2017 of the exciting SM 71 F2 development well which will also test the highly prospective B65 sand**

Otto Energy Ltd (ASX: OEL) ("Otto" or the "Company") is pleased to advise that the operator of the South Marsh Island 71 (SM 71) oil and gas development (Byron Energy Limited, ASX:BYE) has completed the installation of the 500 foot 4-inch oil and 7,000 foot 6-inch gas pipelines on 21 October 2017. Each pipeline has been laid and buried to within tie-in distance to the SM 71 F platform location and their respective sales lines. Final tie-in work at the platform end and sales lines will be made by dive crews soon after the jacket and decks are installed at the platform location in SM 71. All project pipeline work will be performed by Chet Morrison Construction from Houma, Louisiana.

Additionally, the operator has advised that the timeline for load-out and installation of the Byron operated SM 71 F production platform has been set. Construction work in Galveston, Texas is proceeding to schedule and the onshore construction portion of the project is nearly complete. The three day process of loading the jacket, pilings and decks on to material barges is currently slated to begin on 30 October 2017. After load-out, work to tie-down all equipment is expected to take approximately six days. By 7 November 2017, the barges should be ready for the two day transit to SM 71. Once on location at SM 71, the Tetra Hedron derrick barge will commence operations to set the jacket and drive the pilings to secure it to the sea floor. After that step, the deck will be lifted into position and welded in place on top of the jacket. In total, installation operations are expected to take six days offshore. The sequence of events leading to installation is subject to weather conditions and will occur only when the risk of weather is minimized to ensure safe working conditions and to maintain cost control by reducing the potential for weather related delays.

Otto holds a 50% working interest (40.625% net revenue interest) in South Marsh Island Block 71. The operator, Byron, holds the remaining 50% working interest.

> Otto's Managing Director, Matthew Allen said: *"Otto is very pleased with progress being made by the Operator at SM 71, with a significant portion of the project schedule now completed and first production only a matter of months away. The project is entering a critical phase over the coming months and when drilling commences in late November the joint venture will also be testing a very significant exploration target in the SM 71 F2 well at the B65 sand interval.*
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> *Otto looks forward to the successful completion of the SM 71 development in the coming months and first production and cashflow being generated in early 2018."*

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